

From: Bill Wade [billw@suntidefcu.com]
Sent: Thursday, February 12, 2009 10:17 AM
To: _Regulatory Comments
Subject: 12CFR Part 704 Corporate Credit Union Comment

Dear NCUA,

I would like to draw your attention to the fact that this will have long-term negative effects on credit unions, but in particular the smaller credit unions will be hit much harder. I am not concerned with the billion dollar credit unions, and know they will fare well. However, we who are much smaller find ourselves in a major problem. With your proposal, our entire income for 2009 plus most of 2010 will be wiped out. (Even if we take 5 years to pay, it still will have the same effect.) With little or no income, we cannot grow our net worth. With falling net worth, we cannot afford to pay dividends, with low dividends, we cannot compete for shares, with no shares, we cannot make loans to earn income. Without providing dividends on shares and loans, why be a member?

And finally, without members we DIE. This cycle will be immediate for some credit unions (100-300 will go out of business during the payback period) But many more will be put at such a disadvantage competitively that they will never recover, and the downward spiral will take a few more years to play out.

A direct transfer from our equity to that of USC will have the same effect. It may take a bit longer, but will be just as devastating in the end.

The NCUSIF is not the place to get funds for this action. It is to secure our member's shares in natural person credit unions. You, of course, know that.

No one saw the investment problem coming, not the Corporates, not NCUA, and not natural person credit unions. But that does not change the fact that both the Corporates and NCUA has input into the activity, and the only one who had no input to the decision, pays all the costs.

I will go along with this if, and only if, when a natural person credit union is negative in net worth, you make the corporates transfer from their net worth to theirs.

I will be blamed for any decision I make that negatively impacts my credit union. Whether or not anyone could have seen it coming. NCUA will see to it. That's their job. But to give away the share insurance fund and then cause the loss of many small credit unions, this is unforgivable...

Finally, right now we are seeing a boom in new members, shares, and loans. This is due to banks pulling out of lending and people hearing the negative news and turning to credit unions. We at last have a competitive edge over large banks, even GMAC! And just when we move to take advantage of this, NCUA jerks the rug out from under us. I assure you that when this recession eases, banks will look at their balance sheets and start going after loans like never before. THEN we will have to live on what we have done during this period. And now, we cannot afford to take advantage. What will be the cost later? What a cost it will be, to the credit union movement.

Thanks

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